

Taiwan IP Office Proposes Overhaul of Trademark Act

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The Taiwan Intellectual Property Office (TIPO) has proposed substantive revisions to the current Trademark Act (the Act). The proposals seek to expand protections for rights holders, simplify administrative and licensing procedures, enhance dispute resolution mechanisms and codify certain principles that have been common in practice but heretofore not specifically addressed in the Act.

The TIPO announced its proposed revisions in Chinese on its website in May 2007 in a “forum” format designed to enumerate and explain the reasons behind the suggested revisions and to elicit comments from the public. The TIPO cited as bases for the proposed revisions to the Act Taiwan’s obligation as a WTO member to comply with Articles 1-12 and 19 of the Paris Convention and the need to bring its trademark regime in line with international trends. In formulating the proposed changes to the Act, the TIPO looked at trademark regimes abroad including in the US, EU, Australia and Germany, and in particular, the recent landmark treaty on trademark law ratified by Singapore.

The Trademark Act was last amended in June 2003. The TIPO is expected to hold public hearings on its proposed amendments in the near future. After the public hearings, the TIPO would formally submit its proposal to the Executive Yuan for review, whereupon any approved amendments would be forwarded in bill form to the Legislative Yuan for consideration and perhaps ultimate passage into law.

Key Proposals

1. Trademark infringement

Subjective intent

The proposed amendments would clarify that a trademark owner, to stop or prevent an

infringement, need not establish that the infringer intentionally or negligently infringed on the trademark rights of the owner. The owner would have to prove that an infringement was intentional or negligent, though, in order to recover damages.

Infringing behavior

The TIPO proposes to clarify in the Act the scope of behavior deemed civil trademark infringement to include the following actions undertaken without the consent of the right holder: affixing the mark to goods or the packaging thereof, offering or exposing goods for sale, putting them on the market or stocking them for those purposes under the mark, or offering or supplying under the mark, importing or exporting goods under the mark, or using the mark on business papers or in advertising.

Dilution of famous marks

The TIPO proposes to amend Article 62 of the Act to expand the scope of protection given to famous marks in Taiwan by replacing the current Act's requirement of actual dilution with a requirement to show a "likelihood" of dilution. The TIPO proposal states that in order to prevail in a claim for dilution, the owner of a famous mark must prove the "likelihood" that a famous mark would suffer dilution through another party's knowing use of an identical or similar trademark, or use of word(s) contained in said famous mark as the company name, trade name or domain name or any other representation identifying the body or source of a business.

Seizure at Customs

The TIPO proposal would empower Customs officials to hold ex officio imported or exported goods suspected of infringing the trademark rights of another. The current Act provides that the trademark owner may request Customs officials to hold suspected infringing goods, or that Customs may notify the right owner of a shipment of suspected infringing goods and hold said goods upon confirmation from the owner that the goods are infringing.

2. Protectable subject matter

The current Act states that a trademark may be made up of "words, figures, symbols, colors, sounds, three-dimensional shapes or combinations thereof." The TIPO proposes to define a trademark more broadly as anything that may be represented graphically and is distinctive enough to serve a source-identifying function for the relevant consumers of the goods or services and to differentiate such goods or services from those offered by others. This would mean that scents and other non-traditional marks may be registrable under the revised Act.

3. Priority claim

The TIPO proposes to expand the circumstances under which a priority claim may be made by allowing a trademark applicant to claim priority for a mark that has been exhibited in an international exhibition sponsored by or recognized by the Taiwan government in connection with the designated goods or services within six months prior to the date the trademark application in Taiwan is filed. This proposal is based on Article 11 of the Paris Convention.

4. Amendment of trademark design while application is pending

The current Act prohibits any amendment to a trademark once an application has been filed. The TIPO proposal would relax this prohibition to allow revisions to a mark whose application is pending provided the revised mark would be considered by consumers as the same to the mark as filed.

5. Abolish opposition system

The current Act provides that a mark is registered once the mark has been approved by the TIPO, the registration fee has been paid and the mark has been published in the Trademark Gazette. The current Act also provides that there is three-month period in which any party may oppose the registration of the mark. The TIPO now proposes to abolish the current opposition mechanism as the Act already provides the same bases for opposing or invalidating registered marks. Therefore, the proposal will simplify the dispute procedures.

6. Evidence of use

Under the current Act, a trademark owner may oppose or invalidate the registration of an allegedly confusingly similar mark without having to provide the TIPO with evidence that the owner continues to use the registered mark on which the opposition or invalidation is based. The TIPO proposal would require that in dispute proceedings, if the mark upon which an invalidation is based has been registered for three years or longer, the owner must present evidence establishing use of the mark. This proposed addition is based on the principle that the Act should protect marks that are actually in use, as opposed to all marks in the registry as marks in use are those which are recognized by consumers and may be confused with other marks in use. Although the proposed revision may place a further burden on parties seeking to invalidate other marks, it may also deter parties from unfairly using the registry to block the registration of other marks.

7. Failure to Pay Registration Fees

Where a trademark's approval for registration has been voided due to the applicant's unintentional failure to pay the registration fee within the deadline, the TIPO proposes that the applicant be given an additional six months to pay the registration fee.

Applicants would need to submit a request for restoration of approval, a written explanation for the failure to pay prior to the deadline and pay the registration fee in double. Should the restoration of the approval impact the trademark of another, the mark would not be restored.

8. One-time registration fee payment

Currently, registration fees may be paid in two installments. Most applicants, however, make a single registration payment. The TIPO proposes to replace the two-installment system with a single payment in order to increase administrative efficiency.

9. Nominative fair use

The TIPO proposes to include in the Act's definition of fair use provisions relating to nominative fair use of the mark of another. For example, the proposal would allow for use of another's marks in comparative advertising or in advertising maintenance services for marked goods.

10. Review and adjudication committee

The TIPO proposes to establish a committee in-house to adjudicate trademark disputes and to review appeals against rejections of applications for trademark registration. The current Act provides that the Ministry of Economic Affairs handles the appeals against a decision to reject a trademark. The proposed revision aims to simplify Taiwan's current multi-stage review and appeal process.

11. Certification and collective marks

Certification marks

The TIPO proposes to amend Article 72 of the Act concerning collective marks by specifying that registration of a collective mark is available where special characteristics are established that distinguish the goods or services (including quality, precision, place of origin, raw materials and production methods) and allow consumers to distinguish certified goods or services from others not so certified. Furthermore, the TIPO would add that a holder of a certification mark may not prevent others from reasonably using an indication of place of origin on its goods or services.

Collective

The current Act limits registration of collective marks to legal entities. The TIPO proposes eliminating that restriction. The TIPO also proposes specifying that a holder of a collective mark may not reject the membership of others that meet its collective mark standards.

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